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**PROGRAM MEMO (PM)**

TO: AREA AGENCIES ON AGING DIRECTORS	NO.: PM 05-03 (P)
SUBJECT: Clarifying information on federal MMA supplementary funds for HICAP	DATE ISSUED: 3-29-05
REVISED	EXPIRES: July 1, 2006
REFERENCES: PM 04-09 (P) and PM 04-21 (P)	SUPERSEDES: Language concerning the one-time-only uses for federal supplemental funds as stated in PM 04-09 (P) and PM 04-21 (P).
PROGRAMS AFFECTED: <input type="checkbox"/> All <input type="checkbox"/> Title III-B <input type="checkbox"/> Title III-C1/C2 <input type="checkbox"/> Title III-D <input type="checkbox"/> Title III-E <input type="checkbox"/> Title V <input checked="" type="checkbox"/> HICAP <input type="checkbox"/> MSSP <input type="checkbox"/> Title VII <input type="checkbox"/> ADHC <input type="checkbox"/> Other:	
REASON FOR PROGRAM MEMO: <input type="checkbox"/> Change in Law or Regulation <input type="checkbox"/> Response to Inquiry <input checked="" type="checkbox"/> Other Specify: <u>Change in State policy</u>	
INQUIRIES SHOULD BE DIRECTED TO: Wayne R. Lindley, California SHIP-HICAP Director, (916) 323-0581, wlindley@aging.ca.gov	

The purpose of the Program Memo (PM) is to clarify and update information contained in PM 04-09 (P) and PM 04-21 (P), regarding Health Insurance Counseling and Advocacy Program (HICAP) Planning Estimates (PE) for 2004-05. This PM provides additional instruction on the use of new federal funds for HICAP.

Background

PM 04-09 (P) transmitted the HICAP PE, new budget forms, and instructions for State Fiscal Year (SFY) 2004-05. The allocations contained new funding from the federal Centers for Medicare and Medicaid Services (CMS) to help implement outreach, education, and counseling regarding the Medicare Modernization Act of 2003 (MMA). An additional \$183,252 was made available to HICAP providers for this purpose.



PM 04-21 (P) transmitted the revised HICAP PE for SFY 2004-05, which allocated \$523,799 in additional federal funds, as well as \$133,336 in unexpended carryover federal funds in the previous year.

Originally, the Area Agencies on Aging (AAAs) were instructed that funds allocated by both of these PMs were to be limited to the transition period of the new Drug Discount Card Program and, as such, were to be considered one-time-only in nature. These funds would be allocated for use through SFY end—June 30, 2005.

Since the issuance of both PMs, the Department has reconsidered the one-time-only policy, recognizing that the instructions may have been interpreted as restricting providers from targeting the funding to areas of greatest need. In order to provide HICAPs with as much flexibility as possible in assisting clients through the MMA implementation, the use of the funds is no longer restricted to one-time-only use. HICAPs are encouraged to use these funds to best meet MMA consumer demands.

New and Clarifying Instruction for Federal HICAP Funds

Each AAA and HICAP provider should work closely together to ensure these funds are used effectively in helping California Medicare beneficiaries deal with the new MMA rules and benefits.

PMs 04-09(P) and 04-21(P) provided guidance in line with the federal emphasis that the supplemental funds should be used for increased demand for services due to the MMA. As the original PMs stated, federal funds may be used for, but are not limited to, the following:

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- Increasing recruitment, training, and supervision of volunteer counselors to ensure the information they provide to Medicare beneficiaries continues to be accurate and timely.
- Expanding the number of counseling locations in areas near low-income and hard-to-reach beneficiaries.
- Increasing access to web-based information and tools, including standard CMS training and comparison tools.
- Improving local site telephone service capacity.
- Improving other activities that support implementation of the MMA, such as improving information technologies.

CMS allows states to broadly interpret the categories as areas of emphasis rather than as strict limitations. If staffing is the greatest need, providers could increase the hours of part time employees or hire additional employees, as long as this use is tied to the overall MMA implementation. For example, increasing the number of hours for the HICAP Volunteer Coordinator to spend more time recruiting counselors would be acceptable.

Further, the Department encourages spending any carryover or unexpended federal funds from the previous SFY to the extent the provider determines this best meets local needs. Given the additional resources that will be needed to respond to consumer issues involved in MMA implementation, we do not think it is appropriate to have carryover of federal funds. However, if there are compelling reasons to roll over federal supplement dollars into the following SFY, and it is in the best interest of HICAP and Medicare beneficiaries, then AAAs and HICAP providers may do so. Decisions on where and when to spend federal funds should be carefully determined decisions within State and federal government minimum requirements.

Even though recordkeeping was not emphasized in the earlier PMs, AAAs and HICAP providers are required to maintain detailed records of how the additional federal funds are being spent. The Department will need this information in order to report to the State Legislature and the CMS.

Timeliness of Expenditures

In the case of federal MMA supplement funds, speed in disseminating these funds to HICAP is of the greatest importance. Because addressing CMS grant conditions and executing contract and subcontract amendments can be a lengthy process, **we encourage all parties to make every effort to expedite the distribution of funds for the intended uses.** Please stay in close communication with your Program Managers on budgetary needs to address the MMA issues.

Federal Fund Summary To-Date

Please refer to Chart 1 for the exact amounts of the two MMA supplements by PSA for SFY 04-05 totaling \$183,252 and \$523,799 in local assistance funding.

Assistance

For assistance on handling federal MMA supplement funding, please contact Wayne R. Lindley, California SHIP-HICAP Director, (916) 323-0581 or e-mail at wlindley@aging.ca.gov.

Lora Connolly
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